

**Item 1 – Cover Page**

**WiseBanyan, Inc.**

**Form ADV Part 2 Brochure  
January 30, 2015**

WiseBanyan, Inc.  
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Suite 125  
Las Vegas, NV 89101  
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[www.wisebanyan.com](http://www.wisebanyan.com)

This brochure provides information about the qualifications and business practices of WiseBanyan, Inc. ("WiseBanyan"). If you have any questions about the contents of this brochure, please contact us at (646) 593-8354. Currently, our Brochure may be requested free of charge by contacting Herbert Moore, President, at (646) 593-8354 or [herbert.moore@wisebanyan.com](mailto:herbert.moore@wisebanyan.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

WiseBanyan is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Additional information about WiseBanyan is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). WiseBanyan's CRD number is 150953.

## Item 2 – Material Changes

This Item of the brochure will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. The last update of our brochure was on December 4, 2014.

We have made the following material changes to our current Brochure:

- Item 4 has been updated to reflect a change in the firm’s ownership.
- Various items have been updated to delete reference to WiseBanyan’s financial planning service, which is no longer offered by the firm.
- Item 6 has been updated to reflect that WiseBanyan no longer charges performance-based fees to its advisory clients.
- Minor revisions to Item 13 relating to account reviews.

(Brochure Date: 1/30/2015)

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Item 10 has been updated to reflect Other Business Activity for the firm’s principals.

(Brochure Date: 12/4/2014)

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The Cover Page has been updated to reflect a change in the firm’s address.

(Brochure Date: 11/24/2014)

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We have removed Item 19-Requirements for State-Registered Advisers as WiseBanyan, Inc. has transitioned to registration with the Securities and Exchange Commission.

(Brochure Date: 06/12/2014)

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(Date of Most Recent Annual Updating Amendment: 02/18/2014)

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Herbert Moore, President, at (646) 593-8354.

Additional information about WiseBanyan is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with WiseBanyan who are registered, or are required to be registered, as investment adviser representatives of WiseBanyan.

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#### **Item 4 – Advisory Business**

WiseBanyan, Inc. (previously known as Archipelago Capital Management, LLC until November 12, 2013) is owned by WiseBanyan Holdings, Inc. and has been providing advisory services since September 1, 2009. WiseBanyan Holdings, Inc. is owned primarily by employees of WiseBanyan, Inc.

As of November 21, 2014 WiseBanyan managed approximately \$20.0 million on a discretionary basis.

#### **PORTFOLIO MANAGEMENT SERVICES**

The firm offers clients two differing options with respect to its management of portfolios:

1. Model portfolio management via the firm's WiseBanyan website.
2. Customized portfolio management solutions.

#### **1. Model portfolio management via the WiseBanyan website:**

WiseBanyan begins by assessing a client's risk profile through an online questionnaire via the WiseBanyan website which gauges the client's desire to maximize returns vs. their desire to minimize losses. However, the client can decide on a risk profile independent of that which is generated by the questionnaire. Once the risk profile is established, the client is invested in one of the model portfolios (ranging from highly conservative to very aggressive) maintained by WiseBanyan – those with a higher risk tolerance and desire to maximize returns are invested more heavily in stock ETFs, while those who have more of a desire to minimize potential losses are invested more heavily in bond ETFs.

The WiseBanyan website allows clients to update their risk profiles online, and this will typically effect a change in their portfolio composition as a client is transitioned to a different model portfolio based on the new risk profile. WiseBanyan provides clients with a dedicated login to its website, [www.wisebanyan.com](http://www.wisebanyan.com), where clients can view their holdings and their account history. Clients are also provided with a login to their designated custodian (FolioFN, please see Item 12 for more information) where they can also review holdings. WiseBanyan rebalances each client's portfolio on a periodic basis to realign the portfolio to the desired weighting across investments.

Clients utilizing WiseBanyan's online model portfolio service should understand that model portfolios are allocated to a limited number of ETFs (currently ten, managed by Vanguard and iShares).

In its management of all both customized and model portfolios on behalf of clients, WiseBanyan will ensure that the following conditions are met and maintained:

- 1) WiseBanyan will manage each client's account on the basis of the client's financial situation and investment objectives and any reasonable investment restrictions the client may impose;
- 2) The client will notify WiseBanyan in writing if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions. WiseBanyan will be reasonably available to consult with the client;
- 3) Each client will receive a quarterly statement with a description of all account activity; and,
- 4) Each client will retain certain indicia of ownership of the securities and funds in the account, e.g., the ability to withdraw securities, among others.

## 2. Customized portfolio management solutions.

WiseBanyan manages customized investment portfolios for individuals. WiseBanyan will work with the client to determine the client's investment objectives and investment risk profile. WiseBanyan typically manages such portfolios on both a discretionary and non-discretionary basis. A client's account(s) will either be customized to the individual needs of that client, or may utilize the Enhanced Indexing strategy for all or a portion of the account(s), as agreed to in writing with the client.

The Enhanced Indexing strategy shall include the purchase of a basket of ETFs and the subsequent sale of call options – in this case known as covered calls due to the client's ownership of the underlying ETF. These calls will be short term in duration, generally with expirations from one week to one month.

In addition to The Enhanced Indexing strategy, WiseBanyan may also manage other portfolios using ETFs and derivatives for clients. These accounts will be managed in the complete discretion of the manager, and may include the use of leverage.

## Item 5 – Fees and Compensation

For any customized portfolio management solutions that have an associated fee, the specific manner in which fees are charged by WiseBanyan is established in a client's written agreement with WiseBanyan. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement. Client may cancel this Agreement after the Grace Period by providing 15 days advance written notice of cancellation to Advisor. All fees are subject to negotiation. WiseBanyan's standard fee schedule is as follows, though fee arrangements for individual client accounts may differ substantially.

### PORTFOLIO MANAGEMENT SERVICES

#### 1. Model portfolio management via WiseBanyan website:

Basic model portfolio management through WiseBanyan, as advertised on the website [www.wisebanyan.com](http://www.wisebanyan.com), is offered at 0% fee.

#### 2. Customized portfolio management solutions via WiseBanyan.

An annual fee of 0.50% - 1.0% of client assets is charged quarterly. The specific manner in which fees are charged by WiseBanyan is established in a client's written agreement with WiseBanyan. WiseBanyan will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize WiseBanyan to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. A client may cancel the Agreement without penalty by providing written notice of such cancellation to Advisor within five business days. A client may cancel the Agreement after the five business day grace period by providing five days advance notice of cancellation to WiseBanyan. For clients that elect to be billed quarterly in advance and who terminate the advisory agreement during a calendar quarter, WiseBanyan will refund any paid, unearned portion of the fee to the client.

### General Information on Fees:

WiseBanyan's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain

charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to WiseBanyan's fee, and WiseBanyan shall not receive any portion of these commissions, fees, and costs.

Clients have the option to purchase investment products that WiseBanyan recommends through other brokers or agents that are not affiliated with WiseBanyan.

Item 12 further describes the factors that WiseBanyan considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Our fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, i.e. performance based fees.

#### **Item 7 – Types of Clients**

WiseBanyan currently provides portfolio management services to individuals, high net worth individuals, and charitable organizations. WiseBanyan generally requires a minimum account size of \$250,000 for the customized portfolio management solutions referenced in Item 4. This minimum account size may be lowered on a case-by-case basis.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

For its portfolio management services, WiseBanyan begins with a preset allocation as described in Item 4. WiseBanyan then sells options against ETFs held long. Options sold are selected based on a variety of factors including but not limited to momentum of the underlying ETF, previous strike prices sold and the amount of premium received. A more detailed explanation of the strategy can be found in Item 4.



Investing in securities involves risk of loss that clients should be prepared to bear. All securities investments can potentially result in a total loss of the investment. Specific and material risks associated with WiseBanyan's portfolio management include but are not limited to:

**MARKET RISK:** WiseBanyan's portfolios are generally positively correlated with the world stock indices. A selloff in equities will generally result in losses in WiseBanyan's managed portfolios.

**LEVERAGE:** WiseBanyan at its discretion may apply leverage to clients' portfolios. This can amplify exposure to the market, meaning that a percentage of market loss may be greater in a client's portfolio.

**SHORT POSITIONS:** WiseBanyan may hold securities short in a client's portfolio. With a short position, the potential for loss is unlimited.

**DERIVATIVES:** WiseBanyan actively trades options within client portfolios. Options can serve to mitigate risk, but they can also enhance risk by amplifying losses.

**CONCENTRATION:** As disclosed under Item 4, model portfolios offered on-line via the WiseBanyan.com web-site are allocated to a very limited number of ETFs, and this concentration creates a greater potential risk to portfolio loss than a diversified portfolio.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WiseBanyan or the integrity of WiseBanyan's management. WiseBanyan has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Herbert Moore and Vicki Zhou, WiseBanyan, Inc.'s management persons are registered or have an application pending as registered representatives of an affiliated broker dealer, WiseBanyan Securities LLC. No relationships or arrangements between WiseBanyan, Herbert Moore, Vicki Zhou and any other persons or entities creates a material conflict of interest with WiseBanyan's clients. WiseBanyan is also affiliated with WiseBanyan Holdings, Inc., its parent company. WiseBanyan Holdings, Inc.'s sole activity is as parent company to WiseBanyan, Inc. and WiseBanyan Securities LLC.

## **Item 11 – Code of Ethics , Participation in Client Transactions and Personal Trading**

WiseBanyan has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at WiseBanyan must acknowledge the terms of the Code of Ethics annually, or as amended.

WiseBanyan anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which WiseBanyan has discretionary authority to effect, and will recommend to non-discretionary advisory clients, the purchase or sale of securities in which WiseBanyan, its management persons and/or clients, directly or indirectly, have a position of interest. WiseBanyan's employees and persons associated with WiseBanyan are required to follow WiseBanyan's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of WiseBanyan and its employees may trade for their own accounts in securities which are recommended to and/or purchased for WiseBanyan's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of WiseBanyan will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of WiseBanyan's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between WiseBanyan and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with WiseBanyan's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. WiseBanyan will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

WiseBanyan's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting WiseBanyan at (646) 593-8359 or support@wisebanyan.com.

It is WiseBanyan's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. WiseBanyan will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

### **PORTFOLIO MANAGEMENT SERVICES**

WiseBanyan participates in the professional services program offered to independent investment advisers by Interactive Brokers and FolioFN, both FINRA registered broker dealers. Interactive Brokers will be recommended to advisory clients that have selected WiseBanyan's customized portfolio management services for the execution of all transactions. Similarly, FolioFN will be recommended to advisory clients that have selected WiseBanyan's web-based model portfolio management services via the WiseBanyan website.

WiseBanyan regularly reviews these programs to ensure that its recommendation is consistent with its fiduciary duty. WiseBanyan may not accept clients who direct the use of other brokers.

WiseBanyan requests that clients direct WiseBanyan to place all trades through Interactive Brokers (for customized portfolio management) or FolioFN (for model portfolio management). WiseBanyan has evaluated Interactive Brokers and FolioFN and believes that each will provide WiseBanyan clients with a blend of execution services, commission costs and professionalism that will assist WiseBanyan in obtaining best execution for transactions. While WiseBanyan has a reasonable belief that Interactive Brokers and FolioFN are able to obtain best execution and competitive prices, WiseBanyan will not be independently seeking best execution price capability through other broker dealers.

WiseBanyan reserves the right to decline acceptance of any client account that directs the use of a broker dealer other than Interactive Brokers (for customized portfolio management) or FolioFN (for model portfolio management), if WiseBanyan believes that this would adversely affect WiseBanyan's duty to obtain best execution.

As WiseBanyan will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct WiseBanyan as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that WiseBanyan will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisors require clients to direct the use of specific brokers.

WiseBanyan may block trades when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows WiseBanyan to execute trades in a more timely, equitable manner and to reduce overall commission charges to clients.

WiseBanyan does not have any arrangements to compensate any broker dealer for client referrals.

### **Item 13 – Review of Accounts**

For WiseBanyan portfolio management services provides all WiseBanyan portfolio management services clients with continuous access to the website regarding information about account status, portfolio allocations, securities, and balances. Customized portfolios are reviewed at minimum once monthly. For model portfolios proprietary as well as commercially available software is used to review the portfolios on a daily basis to ensure that they are in line with investment objectives. Additional reviews may be triggered by material changes in variables such as a client's individual circumstances, or the market, political or economic environment.

Clients receive monthly performance reviews of their account and have access to daily and even current account balances and positions through their designated custodian. Quarterly WiseBanyan sends clients an account statement showing all transactions and account balances during the prior quarter. All reports are sent via email, as agreed to with each client.

WiseBanyan conducts separate reviews related to the ETFs used for portfolio management services. WiseBanyan has the authority, if necessary, to take action up to and including the addition, removal, or replacement of any specific or multiple ETFs from the portfolios.

#### **Item 14 – Client Referrals and Other Compensation**

WiseBanyan does not currently utilize solicitors to refer advisory clients to the firm. WiseBanyan does not currently compensate a third-party for Client referrals.

#### **Item 15 – Custody**

Clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. WiseBanyan urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

WiseBanyan receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. As such, prior to WiseBanyan accepting discretionary authority over a client’s account, each client is required to execute a limited power of attorney (or similar document). In all cases, however, WiseBanyan’s discretion will be exercised in a manner consistent with the stated investment objectives for the particular client account.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, WiseBanyan does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive proxies and other solicitations directly from their designated custodian. WiseBanyan may provide advice to clients regarding the clients’ voting of proxies.

WiseBanyan will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client’s

account(s), including, but not limited to, the filing of “Proofs of Claim” in class action settlements. If desired, clients may direct WiseBanyan to transmit copies of class action notices to the client or a third party. Upon such direction, WiseBanyan will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser’s financial condition. WiseBanyan has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.